

## THE FINANCIAL MARKETS.

## STOCKS SUFFER LOSSES.

## CONDITION OF THE FEDERAL TREASURY

—BONDS AND MONEY.

Sunday, August 22—p.m.

Technical market conditions must be assigned as reasons for the halt in the bull movement on the Stock Exchange. The business situation has changed for the better, and outside of the Stock Exchange there has been absolutely nothing to warrant lower prices. The demand for securities excited by visible signs of returning business prosperity paused last week. In the bull movement prices were carried from 10 to 20 points above the lowest of the year, and speculation showed dangerous symptoms of running mad, as instanced in the activity in certain worthless issues, and in the theory among some speculators that anything was a good purchase. The culmination of a bull movement is generally foreshadowed by this kind of activity, and, in the present case, unmistakable evidence was furnished a week ago Friday that the best element in the Street sensed danger, and was making preparations to withdraw temporarily from the market. The pause in bull activity cannot, however, be regarded as the end of the bull movement, for all factors in the business situation are encouraging for further gains in values, and the liquidation of lightly protected accounts in the week, the enlargement of the short interest, and the systematic withdrawal of speculators who had strengthened the market and given the way to a further legitimate advance in securities values. The supply of stocks in the week was in excess of the demand. Important market interests were not active factors, and professional traders were allowed to control the course of speculation. Trade reports, as collected by the mercantile agencies, show more uniform improvement throughout the country than many years. Bank clearings show more uniform gains, and railroads and manufacturers' change for the better as compared with this time last year. The general situation is vastly better than at the beginning of the upward movement in stocks, and holders and owners of securities should bear this point in mind. There is absolutely no reason to sell, despite the fears of bear prophets of evil. People who sell enrich a combination of tricky traders.

The chief point raised by the bears in their campaign for lower prices was an alleged favorable crop situation. There is no real change for the worse in the condition of the crops, and even if the corn crop does not fulfill present expectations, it will be found that the supply of corn carried along the lines of the big corn carrying roads will insure a heavy tonnage movement. Winter wheat is gathered. This crop supplies 60 per cent of the yield, and the best estimates of the spring wheat yield range from 110,000,000 to 130,000,000 bushels in the three chief spring wheat States, against an actual production in 1896 of 104,000,000 bushels. Even if the most optimistic estimates fall short, it must be conceded that the production will be of no mean magnitude, and then it must be borne in mind that the money value of this year's crop will be at least 40 cents to the bushel larger than a year ago. This increase in price is the factor which will count with the farmers, with the railroads and with the international exchange market. It may be assumed that the bears have in store some frightful stories of damage to the crops, because as yet these fears have not been dangerous enough, and because September is still to be watched without an accumulation of the most distressing sort of crop rumors—wars which, if taken seriously, could lead to the belief that the farmers have no grain at all to sell. September will come, and it will be found that a splendid crop has been developed. The wheat crop in 1896 amounted to 427,000,000 bushels, and the Government's July estimate placed this year's probable yield at 450,000,000 bushels. Government estimates are generally woefully wrong, and crop experts place the yield to be higher than the Government's estimate. The market price of corn has been reported by stock market bears in Chicago and New York, and the damage to corn, if any, will be more than offset by the surplus from last year's crop now held in farmers' hands; and the damage, if any, to the crops in general will be more than offset by the increase in acreage planted.

The sensational advance in wheat last week was said to be due to the damage to the crops. Perhaps alleged damage did account for the part of the very rapid advance in wheat options to above \$1, but the fact remained that the demand for the cereal was heavier and that the needs of foreign countries became more urgent. Adequate reason for an advancing wheat market is found in the large export demand developed in the week exports from the United States and Canada to "the British streets" amounting to 5,218,000 bushels, as compared with 4,400,000 bushels in the preceding week, 2,901,000 bushels in the same week in 1895, and 4,060,000 bushels in the corresponding week in 1893. The influence of the grain exports upon the foreign exchange market is already considerable, and the tending of the rates are unmistakably toward the gold importing point. Offerings of bulls against this for the gold discipline exports are heavy, and although the Bank of England is apparently confident that it can compel gold to come from France and Germany, before it has to give up its own metal, the time cannot be far off when London will lose heavy consignments of the precious metal for the account of the United States. The local money market affords no indication of immediate gold imports, and it may have to exhibit a material advance in rates before any significant amount of gold can be imported. The advances in sterling rates last week were probably due to the sale of a block of securities for European account, but it is confidently expected that a round amount of securities will be sold next week for London account, an indication of this being furnished at the close of the week by the disposition of exchange houses to be short rather than long of exchange. The demand for money is better from the interior and offerings of commercial loans are larger, the last named including considerable iron and steel paper. This is a favorable development, and it is to be noted that the iron and steel industries are assuming a more confident appearance.

The following tables show the movements of the chief active stocks and bonds in the week:

STOCKS.

High. Low. Aug 21 Aug 22 Aug 23 Aug 24 Aug 25 Sales.

Athenian pref. 22 300 300 220 220 110 94,504

Am. Eng. &amp; Ch. 200 200 200 200 200 100 18,000

Am. Gas. &amp; Oil. 190 170 170 170 170 170 170

Am. Govt. 17 18 18 18 18 18 17,181

Am. Mill. &amp; St. P. 94 92 92 92 92 92 92

Am. R. &amp; P. 84 82 82 82 82 82 82

Am. Steel &amp; Iron 400 400 400 400 400 400 400

Am. Tel. &amp; Tel. 170 170 170 170 170 170 170

Am. Water 200 200 200 200 200 200 200

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